

## Message Text

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ACTION IO-14

INFO OCT-01 CIAE-00 CU-05 INR-11 NSAE-00 RSC-01 USIA-15

ISO-00 AF-10 ARA-16 EA-11 EUR-25 NEA-14 L-03 TRSE-00

ABF-01 OMB-01 DRC-01 /129 W  
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R 180941Z SEP 74

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 2401

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NESCO

E. O. 1.1652: N/A

TAGS: AORG, OCON, UNESCO

SUBJECT: 95TH EXBD: 1975 - 76 BIENNIUM BUDGET

REF: STATE 198737

SUMMARY: BUDGET ISSUE AGAIN LIKELY TO BE ONE OF MOST  
DIFFICULT FOR EXECUTIVE BOARD. PERMREP HAS EMPHASIZED  
IN PERSONAL DEMARCHES TO NEXT DIRECTOR GENERAL AND UNESCO  
AFRICAN GROUP PRESIDENT THAT /US CANNOT ACCEPT MORE THAN

\$155 MILLION BUDGET IN LIGHT SPECIAL ANTI-INFLATIONARY  
EFFORTS AT HOME. EXPLANATION OF US POSITION AT SEPT. 16  
GENEVA GROPUP MEETING ELICITED TENTATIVE REACTIONS THAT  
ITALY, CANADA AND NETHERLANDS ALSO WISH TO HOLD LINE AT  
\$155 MILLION WHILE UK, JAPAN, SWEDEN AND, SEPARATELY,  
FRANCE, INCLINED ACCEPT COMPROMISE CLOSE TO OR AT \$170  
MILLION REVISED FIGURE. ALL GROUP MEMBERS AGREED TO  
PRESS FOR ADMINISTRATIVE BUDGET SAVINGS. HOWEVER' PERM-  
DEL FEELS THAT MOST OF GROUP WILL ULTIMATELY SETTLE AT  
\$165 MILLION AS BEST COMPROMISE IN VIEW DOLLAR FLUCTUA-  
TION AND ESPECIALLY INFLATIONARY PRESSURES ON UNESCO,  
AS WELL AS REALITY OF LDC VOTING STRENGTH.

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1. USUAL DIVISION BETWEEN LDC'S AND BIG DONORS,

ESPECIALLY US. LIKELY TO CHARACTERIZE DEBATE OF THIS EXECUTIVE BOARD ON BUDGETARY ISSUE. PERMDEL FULLY AWARE OF FACTORS EFFECTING DEPARTMENT'S INSTRUCTIONS (REFTEL) RE \$155 MILLION AS LIMIT TO WHICH US CAN GO. FACT THAT US ATTEMPTING TO TAKE MOST FORTHCOMING POSSIBLE POSITION CONSISTENT WITH OUR OWN DOMESTIC BELT-TIGHTENING HAS BEEN STRESSED TO GENEVA GROUP MEMBERS AND IN PERSONAL PERMREP CALLS ON NEXT DIRECTOR GENERAL, M'BOW, AND PRESIDENT UNESCO AFRICAN GROUP (AGBLEMAGNON, TOGOLESE AMBASSADOR). BOTH EXPRESSED UNDERSTANDING BUT DID NOT COMMENT FURTHER.

2. AT SEPTEMBER 16 MEETING FOLLOWING EMPHATIC PRESENTATION US POSITION AS PER REFTEL BY PERMREP, ITALY, CANADA, AND NETHERLANDS PERMDELS STATED THEIR INSTRUCTIONS TO SEEK TO HOLD LINE AT \$155 MILLION. FRG PERMDEL HAS NO INSTRUCTIONS BUT SAID ALL INDICATIONS ARE THAT BONN WILL ALSO TAKE THIS STANCE. FRG PERMREP WILL BE ON EXBD WORKING GROUP THAT BEGINS MEETING SEPTEMBER 18 TO SEEK CONSENSUS BUDGET FIGURE.

3. HOWEVER, UK ALSO PART OF WORKING GROUP, TOLD GENEVA GROUP THAT HMG OFFICIALLY PREPARED TO ACC ACCEPT \$170 MILLION BUDGET AS REVISED FROM SECRETARIAT FEBRUARY BUDGET CALCULATION OF \$155 MILLION DUE DOLLAR DECLINE FROM 5.10 FF EXCHANGE RATE AND INCREASE FROM 8 PER CENT TO 12 PER CENT INFLATIONARY RATE. JAPANESE PERMREP SAID HE HAD NO INSTRUCTIONS BUT GOJ LIKELY TO ACCEPT TOP LIMIT OF \$170 MILLION. SWEDISH PERMREP EXPRESSED SAME POSITION.

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ISO-00 AF-10 ARA-16 EA-11 EUR-25 NEA-14 L-03 TRSE-00

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4. AUSTRALIAN, BELGIAN AND SWISS PERMREPS HAVE NO INSTRUCTIONS YET BUT SWISS AND BELGIAN REPS SAID THEIR GOVERNMENTS LIKELY TO PRESS FOR ECONOMIES. FRENCH ABSENT BUT THEIR DEPUTY PERMREP SUBSEQUENTLY ADVISED DELOFF THAT PENDING RECEIPT OF FINAL INSTRUCTIONS. GOF INCLINED TO ACCEPT \$170 MILLION BUDGET. WHILE FRENCH ATTUNED TO NEED FOR ECONOMY, POLICY ON UNESCO BUDGET IN PARTICULAR INFLUENCED BY AWARENESS THAT MOST OF UNESCO OPERATING EXPENSES ARE INCURRED IN FRANCE.

5. PERMDEL LEFT WITH FINAL IMPRESSION THAT ALTHOUGH ALL GENEVA GROUP MEMBERS AGREED TO PRESS FOR ECONOMIES, GROUP LIKELY TO VIEW FIGURE AROUND \$160 - 165 MILLION AS REASONABLE ECONOMY FIGURE. WHILE CANADIANS, ITALIANS. DUTCH AND GERMANS NOW FAVOR HOLDING THE LINE AT \$155 MILLION. THEY WELL AWARE OF POLITICAL REALITY OF LDC VOTING POWER. PERMDEL BELIEVES NONE WOULD FACE UP TO LDC'S.

6. PERMDEL WILL SEEK TO PRESERVE EXISTING LIMITED SUPPORT FOR \$155 MILLION FIGURE AS LONG AS POSSIBLE BUT PROSPECTS EXTREMELY SLIGHT THAT LDC'S WILL ACCEPT FIGURE SO FAR BELOW WHAT SECRETARIAT LIKELY TO DEFEND AS LIMITED OFFICIAL USE

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REVISED BUDGET REFLECTING UNCONTROLLABLE FACTORS OF INFLATION, DOLLAR FLUCTUATION AND PROGRAM INCREASES SOUGHT BY VIRTUALLY ALL MEMBER STATES.

7. IN ORDER EXPRESS US POSITION IN MOST FACTUAL CONTEXT PERMDEL WOULD APPRECIATE LATEST STATISTICS RE DOLLAR AMOUNTS AND PERCENTAGE PARTICIPATION OF US IN OTHER UN AGENCIES. PERMDEL WILL STRESS IN EXBD SESSIONS THAT US ASKING FOR SAME DEGREE OF BELT-TIGHTENING IN UNESCO THAT USG ITSELF PRACTICING AND WILL PRESS FOR CUTS IN ADMINISTRATIVE EXPENSES TO ABSORB INCREASE CAUSED BY INFLATION AND CURRENCY FLUCTUATION.

8. PLEASE ADVISE.  
IRWIN

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## Message Attributes

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